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**Opening Statement of
Senator Bob Bennett, chairman
Subcommittee on Financial Institutions
United States Senate Committee on Banking, Housing, and Urban Affairs**

The State of Competition in the Credit Card Industry

Welcome to our hearing on the state of competition in the credit card industry. We are happy to have these two distinguished panels appear before us today.

I know that many questions have been raised about the context for this hearing and I want to take a moment to clarify those questions at this time. Today's hearing arises from what used to be called the "holy grail" of the Banking Committee, now more commonly referred to as the Gramm-Leach-Bliley Financial Services Modernization Bill of 1999. I know in my heart that we would still be in search of that legislative goal if Chairman Phil Gramm had not led us out of the desert; and I don't want to miss an opportunity to thank him again for succeeding where so many other chairmen failed over the last 20 years.

While we were working on that very complicated, delicate and historic piece of legislation late last year, the issue of a legislative initiative to address perceived problems in the credit card industry arose. Our committee chairman, Senator Gramm, at that time wisely chose not to address this issue in the Gramm-Leach-Bliley bill before this subcommittee had an opportunity to make a record of the facts. The need to address this important topic, before the judicial fact-finding phase of the next trial begins, is what brings us here today.

My very time-consuming involvement in the Year 2000 Committee delayed the opportunity for a hearing to the beginning of this month. After consultation with the parties represented here today, we made the decision to wait until the end of the month to give everyone a chance to clear their schedules and prepare for today's discussion. In this regard, two important goals must be met: First, to make a factual record of the state of competition in the credit card industry. Second, to take great care to ensure that while fulfilling our oversight obligations with regard to the jurisdiction of this subcommittee, we do nothing to inadvertently affect ongoing or future litigation. Hence, we find ourselves urgently proceeding to beat the deadline, before new legal action commences.

Today we will hear some of the most prominent experts in the credit card industry

describe very similar facts, which they see from very different perspectives. It is our obligation to take account of the information presented before us today, make sense of it, and if necessary make public policy adjustments accordingly. As you will see, both sides make compelling cases about the state of competition in the industry, from their perspective. I am sure that, with the help of our second panel of experts, we can gain further perspective on the status and health of competition in the credit card industry today.

I would also like to take a moment to thank Senator Bryan, the ranking member of this subcommittee, for his active interest and the assistance of his talented staff in working with us to understand the complexities of this sensitive hearing.

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